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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/20/08

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- 1) Mainichi poll: Cabinet support rates plummets 9 points to 36 PERCENT ; Expectations for DPJ's victory again outnumber that for LDP; Aso's dissolution strategy might be affected

MAINICHI (Top play) (Abridged slightly)  
October 20, 2008

By Tamotsu Takatsuka

The Mainichi Shimbun conducted a telephone-based nationwide opinion survey on Oct. 18-19. The survey showed that the rate of support for the cabinet of Prime Minister Taro Aso was 36 PERCENT , down 9 points from the previous survey conducted on Sept. 24-25 immediately

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after the establishment of the Aso administration. In the previous survey, the LDP took the lead for the first time in response to a question asking, "Which party -- the LDP or DPJ -- do you want to see achieve victory?" But to the same question in the latest survey, the two parties traded positions. The latest survey showed severe figures for the LDP in going into the next Lower House election. Given the growing chance of the next Lower House election taking place on Nov. 30, the results of the opinion survey is likely to have an impact on Prime Minister Aso's dissolution strategy.

Some 41 PERCENT of respondents, an increase of 15 points from the previous survey, said that they did not support the Aso cabinet. Nonsupport outpaced support by 5 points. Moreover, 21 PERCENT of the public, a drop of 6 points, expressed no interest in the cabinet.

As in the previous survey, the prime minister's leadership in the latest poll topped the list of reasons for supporting the Aso cabinet, although the figure dropped 9-points from last time. At the same time, low expectations of the prime minister's policies topped the list of reasons for not supporting the cabinet, with 42 PERCENT so stating, an increase of 6 points from the previous time. The decline seems to stem from strong public dissatisfaction with the prime minister's response to the deteriorating economy. The resignation of Nariaki Nakayama as land and transport minister due to his controversial remarks also seemed to have contributed to the low support rate.

A question, "Which party do you want to see win the next Lower House election," has been asked for the 14th time since the first one in a poll shortly after the Upper House election last summer. In response to this question, the LDP scored 36 PERCENT , down 5 points from the previous survey, while the DPJ recorded 48 PERCENT , up 11 points. Other parties marked 12 PERCENT , up a point. The results showed that the DPJ, which had taken the lead in 12 consecutive surveys up until August, again outflanked the LDP, this time by 12 points.

People were also asked, "Which party would you vote for in the proportional representation segment if the Lower House election were to be held now?" As a result, the DPJ was favored by 38 PERCENT , far greater than the 25 PERCENT preferring the LDP. The two parties also traded their positions in regard to the rate of support, with the LDP dropping 4 points to 24 PERCENT and the DPJ increasing 5 points to 27 PERCENT . In the previous poll, the LDP outnumbered the

DPJ by 6 points.

There was also a question asking, "Who is fit to become the prime minister -- Prime Minister Aso or DPJ President Ichiro Ozawa?" To this question, some 40 PERCENT , down 2 points, pointed to Aso, while 18 PERCENT , also down 1 point, favored Ozawa. The answer "neither is fit for the job" increased 10 points to 40 PERCENT . As the desirable form of administration, an LDP-DPJ coalition government marked 30 PERCENT , followed by a DPJ-led coalition administration at 25 PERCENT , and the current LDP-New Komeito coalition administration at 12 PERCENT . The trend was the same in the January 2007 survey when the same question was asked.

Management of administrating also gets low rating

By Yu Takayama

People were asked to evaluate Prime Minister Aso's management of his

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administration and the DPJ's response to Diet affairs. The results showed that negative answers outnumbered positive ones in both cases.

Some 43 PERCENT respondents positively evaluated the prime minister's stance of prioritizing economic measures over Lower House dissolution/general election, while 50 PERCENT assessed his stance negatively. Among LDP and New Komeito supporters, as well, 23 PERCENT and 31 PERCENT , respectively, said they did not positively evaluate such a stance.

Some 44 PERCENT gave positive assessments to the DPJ's stance of supporting the fiscal 2008 supplementary budget and calling for early Lower House dissolution, while 47 PERCENT gave negative assessments. Negative assessments came to 27 PERCENT among DPJ supporters.

To the continuation of the MSDF refueling mission in the Indian Ocean, 47 PERCENT expressed support, while 43 PERCENT voiced opposition. At the same time, 24 PERCENT of LDP supporters, 30 PERCENT of New Komeito supporters, and 40 PERCENT of DPJ supporters expressed support, indicating difficulty making the matter a campaign issue in the next Lower House election. Further, asked if the establishment of a consumer affairs agency would lead to the resolution to the question of food safety, 55 PERCENT said 'no.' This indicated deliberations on legislation for the establishment of a consumer affairs agency would not serve as a positive factor for the ruling bloc.

2) Aso Cabinet support rate drops 6 points to 42 PERCENT in telephone-based opinion poll

TOKYO SHIMBUN (Page 1) (Excerpt)  
October 20, 2008

According to a telephone-based opinion survey carried out Oct. 18-19 by Kyodo News Service, the support rate of the cabinet of Prime Minister Aso was 42.5 PERCENT , a 6.1 point drop from the last poll taken in late September. Conversely, the non-support rate rose 6.1 points to 39.0 PERCENT . On the question of which party to vote for in the proportionate part of the next Lower House election, the Democratic Party of Japan was tops with 35.9 PERCENT , surpassing the Liberal Democratic Party, which garnered 32.7 PERCENT .

3) Jiji poll: LDP and DPJ neck and neck ahead of next Lower House election

TOKYO SHIMBUN (Page 2) (Abridged slightly)  
October 18, 2008

Jiji Press Co. conducted an opinion survey on Oct. 10-13. The results showed that 31.8 PERCENT of people would vote for the LDP in the proportional representation segment in the next Lower House election, up 3 points from the previous survey. The DPJ marked 30.8 PERCENT , up 3 points. Although the LDP outpaced the DPJ this time around, the two parties were still neck and neck. The rate of

support for the cabinet of Prime Minister Taro Aso marked 38.6 PERCENT , lower than that of the former Abe cabinet's 51.3 PERCENT recorded immediately after its establishment and the former Fukuda cabinet's 44.1 PERCENT .

Asked which party they will vote for in the next Lower House

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election, 27.7 PERCENT of unaffiliated voters named the DPJ, 21.3 PERCENT the LDP, 5.5 PERCENT the New Komeito, 2.2 PERCENT the Japanese Communist Party, 0.4 PERCENT the People's New Party, and 0.1 PERCENT the New Party Nippon. Although the rate of support for the cabinet recovered from the closing days of the former Fukuda cabinet, which had fallen below 20 PERCENT , the rate of nonsupport for the Aso cabinet still marked 34.1 PERCENT .

4) Yomiuri-Waseda University poll: 80 PERCENT unhappy with LDP, DPJ

YOMIURI (Page 1) (Full)  
October 19, 2008

A joint nationwide interview-based poll on Oct. 4-5 by the Yomiuri Shimbun and Waseda University found that 78 PERCENT of respondents were dissatisfied with the ruling Liberal Democratic Party (LDP) and 79 PERCENT were unhappy with the main opposition Democratic Party of Japan (DPJ), while 20 PERCENT and 17 PERCENT , respectively, were satisfied with the LDP and the DPJ. Only 5 PERCENT said they had hopes for both parties. Prior to the next House of Representatives election, it appears that people do not feel they can trust either party with power.

When people were asked whether they were disappointed with the LDP and DPJ, 69 PERCENT said they were disappointed with the LDP and 50 PERCENT were disappointed by the DPJ. Asked whether they had concerns about the LDP, 82 PERCENT said yes and 14 PERCENT said no. The figures for the DPJ were 75 PERCENT and 22 PERCENT .

Some 49 PERCENT of respondents said they had hopes for the LDP, while 50 PERCENT said they did not. The respective figures for the DPJ were 50 PERCENT and 48 PERCENT . The figures showed that although people are disappointed with the LDP, they do not have high hopes for the DPJ.

As to the shape of government, 21 PERCENT of respondents said that they think a DPJ-led government would be most desirable in order to resolve pressing issues, 20 PERCENT preferred a LDP-New Komeito coalition government, and 19 PERCENT wanted to see an LDP-DPJ coalition government. Some 13 PERCENT wanted political realignment and a new framework. Although people are hoping for political change, they do not yet have a clear image of the kind of government they want.

5) Assistant Secretary of State Hill in exclusive interview expresses understanding for Japan not participating in aid to North Korea

ASAHI (Page 1) (Full)  
October 19, 2008

By Satoshi Ukai in Honolulu

U.S. Assistant Secretary of State Christopher Hill, the senior U.S. delegate to the Six-Party Talks on the North Korean nuclear issue, gave an exclusive interview on Oct. `7 to this newspaper in Hawaii while on official business there. In it, he indicated understanding for the Japanese government's position of not participating in providing economic and energy assistance to North Korea, citing the abduction issue as the reason. In response to Japan's objections to the U.S. removing North Korea from the list of state sponsors of

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terrorism, Assistant Secretary Hill said: "I would like Japan to realize that denuclearization in its interests."

Although the Six-Party Talks reached agreement that in return for North Korea's disabling of its nuclear facility, each country would provide energy assistance that would total one million tons of heavy fuel, Japan has refused to comply, citing its abduction issue. Hill said, "I understand that Japan attaches special importance to that issue." He agreed that it was unavoidable for Japan to provide such until there is progress on the abduction issue.

With Japan not participating, it will be necessary for Japan's share of 200,000 tons to be divided up among the other countries, but Hill said, "I cannot say at this time which countries will bear a share, but there are signs that other countries than the five that will participate." He suggested that a third country or countries might take part of Japan's share.

Hill also made it clear that, in connection with the verification of the nuclear plan agreed on by the U.S. and the DPRK that each of the six countries will join, when he visited North Korea Oct. 1-3, North Korean officials said that they would agree to the verification by only countries possessing nuclear weapons. However, the U.S. side would not budge on the need to include Japan and South Korea, so in the end, North Korea withdrew its demand.

Commenting on the U.S.' removal of North Korea from the list of state sponsors of terrorism that disregarded Japan's request to move cautiously, Hill stressed: "I understand the special importance that the abduction has for Japan. We have clearly told the North Koreans in negotiations that there needs to be progress on that issue." He added, "Although we are aware that all problems have not been resolved, we hope the Japanese people realize that denuclearization is in Japan's interest."

On the health of North Korean General Secretary Kim Jong Il, Hill said, "It's our impression that something has happened to him." Since the middle of August, when the movements of Secretary General Kim Jong Il ceased to be reported on, even though there was a brief halt in discussion with North Korea, Hill noted: "At the end of September, we were able to obtain North Korea's responses. So, they are making decisions again."

6) Nakasone, Negroponte agree on importance of preparing document on procedures for verifying North Korea's nuclear program

YOMIURI (Page 2) (Full)  
October 19, 2008

(Takashi Nakagawa, Abu Dhabi)

Foreign Minister Nakasone held a meeting with U.S. Deputy Secretary of State John Negroponte at a hotel in Abu Dhabi on the afternoon of Oct. 18, local time. They agreed that Japan and the U.S. would cooperate in dealing with North Korea's nuclear development and abduction issues. Washington's removal of North Korea from its list of terrorism-sponsoring nations reportedly was not taken up in the meeting. On North Korea's past abductions of Japanese nationals, Nakasone called for the U.S. government's cooperation in resolving the issue. In response, Negroponte said: "The U.S. position of taking the abduction issue seriously remains unchanged. President Bush and Vice President Cheney share (Japan's) concern."

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Nakasone and Negroponte agreed that it is important to adopt in the next session of the six-party talks to be held soon a document on procedures for verifying the nuclear program declared by Pyongyang.

On the war on terror in Afghanistan, Nakasone said: "Japan will positively extend support." He then spelled out the Maritime Self-Defense Force's refueling mission in the Indian Ocean. Negroponte expressed hopes that Japan will continue the service, remarking: "The international community has highly evaluated that operation."

7) Government studying response to contingency on Korean Peninsula

NIKKEI (Page 2) (Full)  
October 18, 2008

Referring to rumors about North Korean General Secretary Kim Jong Il's health situation, Foreign Ministry Asian and Oceanian Affairs Bureau Deputy Director General Kazuhide Ishikawa on October 17 revealed that the government is looking into ways to respond to a possible contingency on the Korean Peninsula. He revealed this at a meeting of the "Kitachosen Gaiko o Shincho-ni Susumeru Kai" (Group for a Prudent Diplomacy toward North Korea) held at the party headquarters on the morning of the same day, joined by like-minded persons in the LDP. Ishikawa said, "There is fear that if North Korea falls into turmoil, it could affect the abductees living in that country. The Cabinet Secretariat is considering what should be done in such a case."

8) Foreign Minister Nakasone tells Afghan counterpart that Japan will support presidential election

ASAHI (Page 2) (Full)  
October 20, 2008

Atsuko Niuchi, Abu Dhabi

Foreign Minister Hirofumi Nakasone, now visiting the United Arab Emirates (UAE), held a meeting with Afghan Foreign Minister Rangin Dadfar Spanta on the night of Oct. 18, morning of Oct. 19, Japan time. In the meeting, Nakasone conveyed to his Afghan counterpart Japan's plan to aim at the continuation of the Maritime Self-Defense Force's refueling mission in the Indian Ocean, as well as to support the movement of democratization in Afghanistan, including the presidential election planned for next year.

Foreign Minister Spanta gave a positive assessment to the MSDF refueling mission, saying, "It is extremely important not only for Afghanistan but for the international community."

9) Diet debate on refueling extension to reach crucial stage this week as legislation moves to the Upper House

NIKKEI (Page 2) (Full)  
October 20, 2008

With the strong possibility of Lower House dissolution in early November, Diet debate on a bill extending by one year the Maritime Self-Defense Force's refueling mission in the Indian Ocean will reach a crucial stage this week. The bill is expected to be adopted in a Lower House plenary session tomorrow after a question-and-answer

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session ends today, and it will then be sent to the Upper House on Oct. 22.

Prime Minister Taro Aso intends to play up the achievements of the refueling activities through Diet deliberations as Japan's effort to contribute to the international community. Aso wants to take up the propriety of international contributions as a campaign issue in the upcoming Lower House election. In a speech delivered at the annual defense review at the Air Self-Defense Force's Hyakuri base in Ibaraki Prefecture, Aso stated in a strong tone: "There is no option for Japan to withdraw from the mission."

The main opposition Democratic Party of Japan (DPJ) has called for the need for assistance measures that are different from the refueling operation such as the supplying of water and medical assistance. In order to realize an early Lower House dissolution, the DPJ plans to cooperate with the government and ruling coalition's idea of ending deliberations for a short period. The Lower House will take a second vote on the legislation in a plenary session on Oct 30, after the Upper House votes it down on the 29th.

A bill revising the Law to Strengthen Financial Functions, designed to revive the injection of public funds to regional financial institutions will be adopted in a cabinet meeting this week after coordination between the ruling and opposition camps. The Diet will then likely start deliberations on the bill soon.

The expectation is that the bill will be enacted before the end of this month, since the ruling coalition and the DPJ share the view that a quick response is necessary for the U.S.-originated global financial crisis.

10) Prime Minister Aso expresses real thoughts on Japan-U.S. security arrangements?

NIKKEI (Page 2) (Full)  
October 20, 2008

In a speech delivered yesterday at the annual defense review at the Air Self-Defense's base in Omitama, Ibaraki Prefecture, Prime Minister Taro Aso said: "We will endeavor to further improve the recovery of trust in Japan-U.S. security arrangements." However, afterward, his secretary corrected the remark, saying that Aso had intended to say "improve the reliability."

Although aides to the prime minister have explained that he just misread the speech, some believe that his real feelings were expressed in his remarks, as he was not told by the U.S. of the delisting of North Korea as a state sponsor of terrorism until immediately before it took place.

11) Defense Ministry overpays 230 million yen to two companies for procurement of oil used for refueling operations in Indian Ocean

ASAHI (Page 39) (Abridged slightly)  
October 19, 2008

The Board of Audit (BOA) has audited contracts that the Defense Ministry (MOD) signed with two domestic trading houses for the procurement oil for the Maritime Self-Defense Force's refueling mission in the Indian Ocean, which was carried out, based on the now expired New Antiterrorism Special Measures Law. The audit found that

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the ministry overpaid to those companies by a total of nearly 230 million yen over a two-year period between fiscal 2006 and fiscal 2007. Since MOD was not aware of the terms of settlement presented by the trading companies, it paid too much to them.

The BOA pointed out that it was inappropriate that MOD was not aware of the terms of settlement when it was procuring oil based on discretionary contracts. A designated bidding system was adopted for the procurement of oil used for refueling operations, which are being carried out in compliance with the current Refueling Support Special Measures Law. Since the contracts adopted fixed exchange rates, MOD's payment has again become rather high due to the current strong-yen trend. MOD has changed the contract term to one that can cope with fluctuations in exchange rates.

MOD had procured fuel for vessels used for refueling operations in the Indian Ocean, starting in December 2001, based on discretionary contracts with the two domestic companies with the aim of securing stable supply.

According to BOA and MOD, one of the two companies had reserved exchange rates in order to stave off the risk of exchange fluctuations when it borrowed dollars from banks to make payments for its purchases of oil. However, MOD was not aware of the futures rates. It continued to pay to the trading company, based on higher spot exchange rates. As a result, it overpaid about 200 million yen two years from fiscal 2006 through fiscal 2007.

The other trading house was a leading company. It was, therefore, conceivable that it had enough dollars needed for the payment of purchases. Nevertheless, MOD paid approximately 30 million yen in two years -- an amount equivalent to foreign exchange commissions.

MOD introduced the designated bidding system for the procurement oil used for refueling operations, which were resumed in February 2008, based on the present Refueling Support Special Measure Law. Since the amount of oil for the refueling mission has decreased, compared with the time when the operations were started, MOD has decided to

sign a contract with one company for each procurement from amount several companies, including those two companies.

However, the new contracts adopt a term that payments be made several months later, based on the fixed rate at the time of the signing of the contract, the amount of payment had become high due to the recent strong yen. In response to the point made by BOA, MOD has incorporated in contracts a liquidation term that allows a flexible response to exchange fluctuations.

12) Defense Ministry from next September to station personnel in Guam and Hawaii as relocation of U.S. Marines from Okinawa moves into full swing

TOKYO SHIMBUN (Top play) (Full)  
October 19, 2008

In the realignment of U.S. forces in Japan under the under the agreement reached between Japan and the United States, the Defense Ministry, which is moving forward with the plan to relocate U.S. Marines on Okinawa to Guam, has decided to station next September nine personnel to Guam and seven personnel to Hawaii, where the Pacific Command (PACOM) is located. PACOM is in charge of the U.S. forces on Guam. The Defense Ministry will establish an office in

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charge of the Guam-relocation project. Accordingly, the relocation project, which will cost altogether 1 trillion yen, will get underway, but there is likely to be debate in Japan about such an enormous outlay to construct an American base in another country.

The permanently stationed staff will be charged with coordinating with the U.S. such matters as construction of facilities. By 2014, some 8,000 Marines and 9,000 family members will have been relocated from Okinawa to Guam. Their headquarters building and billets will be constructed at Japan's expense in an area near the U.S. military base in the northern part of the island of Guam. Family housing will be constructed in the southern part of the same military area, and it will be financed jointly by the Japan Bank of International Cooperation (JBIC) and a private company. The main purpose of the newly established company will be to construct the housing and then handle upkeep and maintenance. Everything will start next year.

Japan and the U.S. estimate the moving cost at \$13 billion (approximately 1.0815 trillion yen), and Japan will shoulder the burden of \$6.71 billion or approximately 640 billion yen, which is 59 PERCENT of the total cost. However, the GAO announced that the cost would be \$15 billion (1.575 trillion yen), much higher than the first estimate. Regarding the extra cost, Defense Minister Hamada has said, "Naturally, we will consider" picking up the remaining cost. If the share of 59 PERCENT is used to calculate the new cost for Japan, based on the GAO estimate, the amount would rise to approximately 930 billion yen. Regarding Japan's share of the total cost of USFJ realignment, a senior U.S. official on April 2006 estimated it would come to 3 trillion yen.

The Defense Ministry has included in next fiscal year's budget request outlays of 75 billion yen to meet USFJ realignment expenses. The amount apparently will be increased annually until 2014.

13) U.S. wants Japan to send SDF helicopters to Afghanistan

YOMIURI (Page 2) (Full)  
October 19, 2008

The U.S. has unofficially asked Japan to send Self-Defense Forces helicopters to aid reconstruction efforts in Afghanistan, according to informed sources yesterday. Specifically, the U.S. has made three requests: (1) Transport service in Afghanistan by CH-47 transport helicopters; (2) Transportation of goods and personnel by C-130 transport aircraft from overseas to key airports in Afghanistan; and (3) personnel contributions to provincial reconstruction teams. The U.S. requests show its expectations for further Japanese contributions to the reconstruction of Afghanistan, in addition to the ongoing refueling service by the Maritime Self-Defense Force in the Indian Ocean.



According to an informed source, Afghanistan is suffering from a shortage of helicopters, which play a key role in domestic transportation due to delays in road repairs and improvement. The source quoted a U.S. official as saying that the helicopter shortage is hampering the transportation of not only goods but also wounded soldiers. Noting that only a few countries possess a number of large helicopters, the U.S. official expressed hopes for Japan's cooperation, according to the source.

But the dispatch of SDF helicopters and transport aircraft would require new legislation. The actual situation is such that the

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Japanese government cannot afford to discuss the U.S. requests until after the next general election following the dissolution of the House of Representatives.

14) Aso mulls dispatch of MSDF ships to waters off Somalia as anti-piracy measure

TOKYO SHIMBUN (Page 2) (Full)  
October 18, 2008

In a meeting of the Antiterrorism Special Committee in the House of Representatives yesterday afternoon, Prime Minister Taro Aso expressed a positive view about looking into the possibility of sending Maritime Self-Defense Force (MSDF) vessels to pirate-infested waters off Somalia.

Democratic Party of Japan (DPJ) member Akihisa Nagashima said that as an anti-piracy measure, "it will be considerably effective for MSDF vessels to escort (commercial freighters and other ships). The dispatch does not involve the use of force." In response, Aso said: "I think that the proposal is very good. We would like to study that possibility."

On the question of whether an order for MSDF vessels' "maritime patrol action" that is premised on monitoring an unidentified ship in Japanese waters can be issued for action in waters off Somalia, Defense Minister Yasukazu Hamada said: "The possibility cannot be ruled out." He expressed the view that the dispatch of MSDF ships is possible in view of legal interpretation if their action is limited to escorting Japanese vessels.

Chief Cabinet Secretary Takeo Kawamura indicated a positive view about preparing new legislation in a press conference, saying: "If a new law is necessary, a study must be conducted." He appears to have had in mind also activities intended to guard other countries' ships.

15) Financial summit to be held in U.S. next month: Emerging countries, including China and India, to take part

NIKKEI (Page 1) (Excerpts)  
October 20, 2008

U.S. President Bush and French President Sarkozy on October 18 agreed to hold on November 4 after the U.S. presidential election an emergency summit in the U.S. to deal with the financial crisis. The envisioned summit will be joined by G8 members and emerging countries. Several rounds of meetings are expected. Leaders of industrialized countries will in an unprecedented move tackle policy cooperation in an effort to address the increasingly serious financial crisis

Prime Minister Aso undertaking coordination with possibility of taking part

Prime Minister Taro Aso has started undertaking coordination with the possibility of taking part in the summit. The prime minister on the 19th indicated a positive stance to reporters in Tokyo, saying, "When I had a phone call from President Bush, I told him that it is better to hold such a meeting." However, some take the view that in the event the prime minister takes part in the summit, it could affect his decision on when to dissolve the Lower House, because the

timetable for holding a Lower House election in November will become tight.

According to an aide to the prime minister, the U.S. contacted the prime minister about an emergency summit on the evening of the 18th. The prime minister on the 19th told reporters, "The matter cannot be settled only by G-8 members. There should be other concerned countries. It is better to think what should be done, involving those countries as well."

SCHIEFFER